

TOWN OF HARPSWELL, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2006

Net change in fund balances - total governmental funds (from Statement 4)	\$	282,800
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 422,518	
Depreciation expense	(177,326)	
Loss on disposal of assets	(4,820)	240,372

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	39,000
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This represents the net proceeds (\$350,000) net of the repayments (\$365,833).	15,833
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in accrued compensated absences.	2,957
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the fund financial statements since future repayment does not require the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	1,111
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Change in net assets of governmental activities (see Statement 2)	\$	582,073
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See accompanying notes to financial statements.